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CITIZENS UTILITIES COMPANY OF ILLINOIS  
d/b/a Citizens Water Resources

Petition for approval of water supply  
agreements with the DuPage Water  
Commission, for approval of a procedure  
to recover the costs for water purchased  
under the agreements and for other relief.

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Docket No.

01-0553

PETITION

To The Illinois Commerce Commission:

Citizens Utilities Company of Illinois, d/b/a Citizens Water Resources ("Citizens" or "Petitioner") respectfully petitions this Commission to enter, without hearing, an order that (1) approves a certain Water Purchase and Sale Contract ("Agreement") between Citizens and the DuPage Water Commission ("the DWC"), attached as Exhibit A to this petition, pursuant to which Citizens agrees to purchase from the DWC and the DWC agrees to sell to Citizens Lake Michigan water (subject to the terms and conditions of the Agreement) for Petitioner's Liberty Ridge East service area ("Liberty Ridge"); (2) approves a Water Storage, Transmission and Delivery Agreement ("Wheeling Agreement") between the Village of Glen Ellyn ("Glen Ellyn"), Citizens and the DWC, attached as Exhibit B to this petition, pursuant to which Citizens will purchase water transmission and storage services from Glen Ellyn for the Liberty Ridge service area; (3) approves a procedure using Citizens' existing tariff provisions, attached as Exhibit C to this petition, to pass through to Citizens' customers the rates and charges to be paid by

Citizens to the DWC and Glen Ellyn under the Agreement and Wheeling Agreement as part of the "DuPage County" Lake Michigan Water Supply Charges under Citizens existing tariffs; and (4) grants to Citizens such other relief as may be necessary or appropriate.

In support of this petition, Citizens states as follows:

1. Citizens is an Illinois corporation with its principal office in Woodridge, Illinois, and is a "public utility" within the meaning of Section 3-105 of the Illinois Public Utilities Act, 220 ILCS 5/3-105. Citizens provides water and/or sanitary sewer services to over 73,000 customers (approximately 39,000 water and 34,000 sewer) in Cook, DuPage, Will, Kane, Kendall, McHenry and Grundy Counties, Illinois, pursuant to certificates of public convenience and necessity issued by the Commission.

2. As part of its goal of providing high quality service to its customers, Citizens has an on-going objective of providing Lake Michigan water to all of its service areas in which Lake Michigan water is available. Lake Michigan water is perceived to be aesthetically superior to other water supply sources (i.e., well water) and is considered to be a high quality water supply source which meets all present state and federal drinking water standards.

3. As part of this on-going objective, Citizens has entered into the Agreement with the DWC and the Wheeling Agreement with Glen Ellyn, pursuant to which Citizens will obtain and supply (subject to the terms and conditions specified in the Agreement and the Wheeling Agreement) Lake Michigan water for Liberty Ridge.

4. Customers in the Liberty Ridge service area have been included in a survey concerning their desire to receive Lake Michigan water, in light of its additional costs. Approximately 60 percent of the customers responded to the survey, and 86 percent desired Lake Michigan water.

5. Citizens has received an allocation of Lake Michigan water for Liberty Ridge from the Illinois Department of Natural Resources, a copy of which is attached as Exhibit D.

6. The terms of the Agreement are substantially similar to agreements between Petitioner and the DWC for Citizens' other service areas in DuPage County, which were approved by the Commission in Docket Nos. 92-0454/92-0455 and 99-0150. Under the terms of the Agreement, the DWC will charge Citizens for Lake Michigan water at a rate comprising the DWC's cost of purchasing Lake Michigan water plus a pro rata share of the operating and maintenance costs, certain fixed costs and other costs that the DWC incurs in securing and delivering Lake Michigan water to the Citizens systems, as described more fully in the Agreement.

7. The Agreement includes as conditions precedent that the Commission (1) approve the Agreement and (2) approve initial rates and tariffs sufficient to enable Citizens to comply with certain rate covenants set forth in the Agreement, which rate covenants include the establishment of rates and charges which will enable Citizens to pay all amounts due to the DWC under the Agreement.

8. The Wheeling Agreement, which is also subject to Commission approval, was negotiated at arms length with Glen Ellyn, and will allow Citizens to provide Lake

Michigan water to Liberty Ridge earlier, with less main required, and without the time and expense of finding a site, obtaining zoning approval, and designing and constructing approximately 50,000 gallons of additional storage capacity and a booster station in this service area.

9. Citizens has existing tariff schedules (Ill. C.C. No. 4, Sheets 41 and 42), copies of which are included in Exhibit C, which provide for a Lake Michigan Water Supply Charge to recover the cost of providing Lake Michigan water to Citizens' other customers in DuPage County who are already receiving Lake Michigan water purchased from the DWC. This Lake Michigan Water Supply Charge is necessary so that Citizens can be compensated for the incremental cost of providing Lake Michigan water to its customers.

10. The rate per thousand gallons of water charged by the DWC to Citizens may change from time to time as allowed by the Agreement. Citizens' existing Purchased Water Price Adjustment Clause (Ill. C.C. No. 4, Sheets 43 and 44), a copy of which is included in Exhibit C, is necessary so that Citizens can adjust the Lake Michigan Water Supply Charge to reflect changes in the cost of purchased water as well as changes in other components of the charge, such as changes in unaccounted for water.

11. Citizens has entered into the Wheeling Agreement with Glen Ellyn, which is adjacent to Liberty Ridge, as a means of receiving Lake Michigan water from the DWC more expeditiously and at total anticipated costs which are at or below the costs which would be incurred to make direct connections to the DWC mains. Citizens already has several wheeling agreements for delivery of Lake Michigan water from the DWC, the

costs of which are included in charges recoverable under the tariffs set forth in Exhibit C, and Citizens requests the same treatment for costs incurred under the Wheeling Agreement with Glen Ellyn.

12. Citizens proposes to treat all charges relating to providing Lake Michigan water to Liberty Ridge as part of the "DuPage County" provisions of its existing tariffs comprising Exhibit C. Citizens will simply need to submit updated calculations of the Lake Michigan Water Supply Charges for "DuPage County" at the time the DWC and Glen Ellyn begin to provide Lake Michigan water for Liberty Ridge.

13. Citizens submits that hearings are not necessary for the Commission to grant the requested relief and would serve little or no purpose, as the Commission has previously approved similar Lake Michigan water supply agreements and wheeling arrangements entered into by Citizens and the associated tariffs designed to permit Citizens to recover from its customers the incremental cost of providing Lake Michigan water to them. The most recent such approval was received, without hearing, in Docket No. 99-0150 on May 19, 1999.

WHEREFORE, Citizens requests that the Commission enter, without hearing, an order that (1) approves the water supply agreement between Citizens and the DWC attached as Exhibit A to this petition; (2) approves the water transmission and storage services agreement between Glen Ellyn, Citizens and the DWC attached as Exhibit B to this petition; (3) approves a procedure, using Citizens existing tariff provisions attached as Exhibit C to this petition, by which Citizens may pass through to its customers the rates and charges to be paid by Citizens to the DWC and Glen Ellyn under the Agreement

and Wheeling Agreement; and (4) grants to Citizens such other relief as may be necessary or appropriate.

Respectfully submitted,

CITIZENS UTILITIES COMPANY OF ILLINOIS  
d/b/a Citizens Water Resources

By: Lee Ann Conti  
Its Attorney

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STATE OF ILLINOIS     )  
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COUNTY OF DUPAGE     )

**VERIFICATION**

Reed T. Scheppmann, being duly sworn, deposes and says that he is the Vice President and General Manager of Citizens Utilities Company of Illinois, d/b/a Citizens Water Resources, that he has read the foregoing Petition and has knowledge of the contents thereof, and that the matters set out therein are true to the best of his knowledge, information and belief.

  
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SUBSCRIBED AND SWORN to  
before me this 15<sup>th</sup> day of  
August, 2001.

Carol J. McKane  
NOTARY PUBLIC

